

Debt Administration

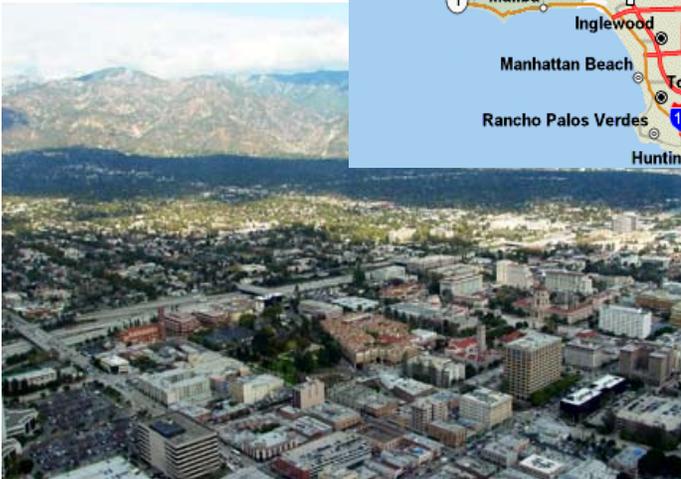
California Debt and Investment Advisory Commission

Vic Erganian, Treasurer and Deputy Finance Director

March 15, 2012



Location and Characteristics



City of Pasadena, CA (AAA / AAA)

- Incorporated in 1886 and became charter city in 1901
 - Population: 138,915
 - 10 Miles Northeast of Downtown LA
 - 23 square miles
- Council-City Manager Form of Government: (7 Council Members, City-wide Elected Mayor)
- City provides its approximately 140,000 residents with power, water and refuse services

Employment and Attractions

Major Employers - 2011

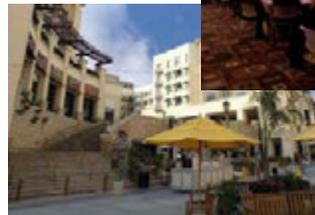
Company	Number of Employees	Business Line
California Institute of Technology - Jet Propulsion Laboratory	4,887	Aerospace Research
Kaiser Permanente	4,500	Health Care
California Institute of Technology Campus	3,700	Education
Huntington Memorial Hospital	3,300	Hospital
Pasadena City College	3,465	Education
Pasadena Unified School District	2,665	Education
ATT	2,525	Communications
Bank of America	2,500	Financial
The City of Pasadena	1,967	Government
Art Center College of Design	897	Education
Parsons Corporation	717	Engineering/Construction
Hathaway-Sycamores	550	Social Services
Pacific Clinics Administration	550	Medical Clinics
Langham Huntington Hotel	550	Hotel
Avon Products	400	Cosmetics
East West Bank	400	Financial
Western Asset	400	Financial
Rusnak Pasadena	300	Auto Dealer

Source: 2011 CAFR

	Unemployment Rate		
	State	County	City
2006	4.8%	4.2%	4.7%
2007	5.4%	5.1%	4.9%
2008	9.1%	9.5%	4.3%
2009	11.4%	11.6%	9.9%
2010	12.4%	13.0%	9.4%
2011	11.1%	11.6%	8.9%

Source: 2011 CAFR

- The City has a diversified employment base with little reliance on more cyclical industries



- Major Attractions
 - Rose Bowl Complex
 - Stadium, Golf Course, Aquatic Center
 - Tournament of Roses Parade
 - California Institute of Technology (CalTech)
 - Pasadena Community College
 - Norton Simon Museum
 - Old Pasadena
 - Convention Center
 - Paseo Colorado Shopping Center
 - The Huntington Library, Art Collections, and Botanical Gardens

Bond Financed Capital Projects

- City Hall - COPs
- Conference Center - COPs
- Rose Bowl - LRBs
- Parking Garages - COPs
- Power Plant CIP – Electric Revenue Bonds
- Water CIP – Water Revenue Bonds
- Redevelopment Projects – Tax Allocation Bonds
- Community Facilities Districts – CFD Bonds
- General Obligation Bonds
- Pension Obligation Bonds
- Multi-Family Housing Revenue Bonds
- Other Conduit Bonds



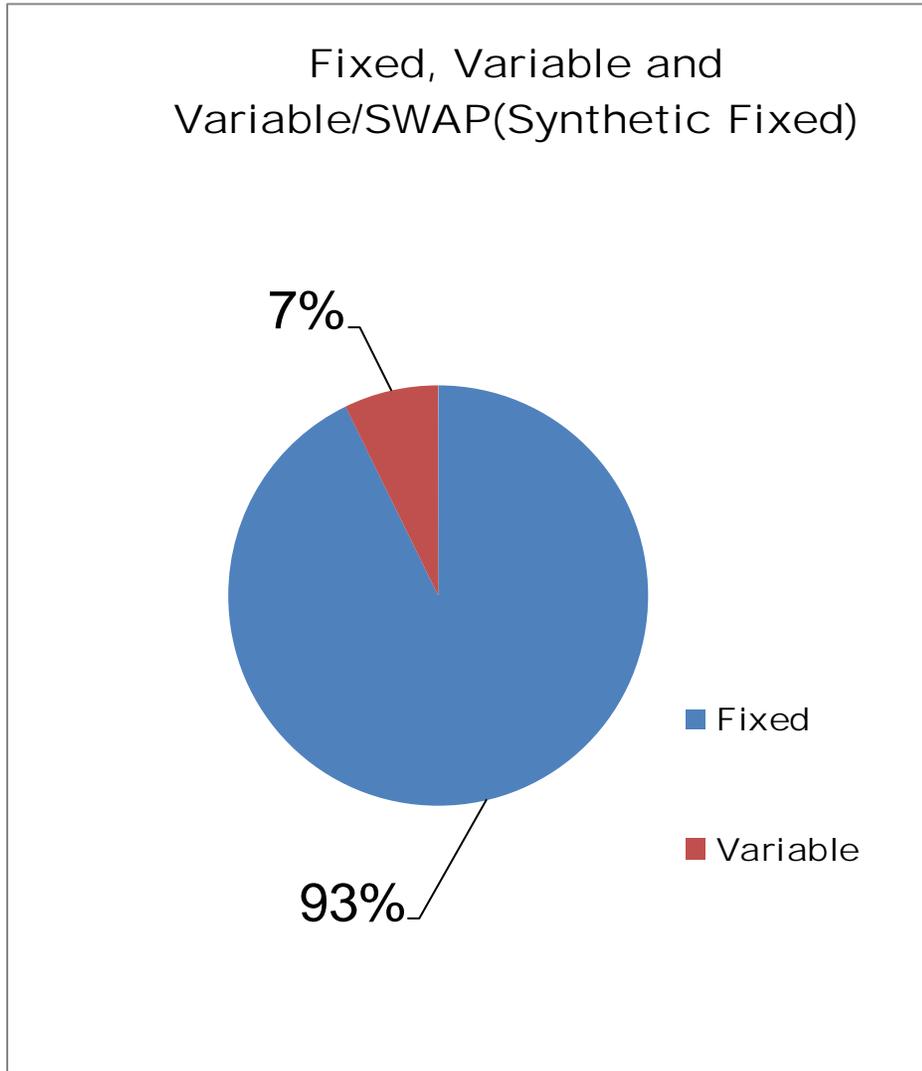
Debt Administration

City's Debt Portfolio (\$ in Million's)

Types of Bonds	<u>No. of Issues</u>	<u>Original Issue Amount</u>	<u>Current Amount Outstanding as of June 2011</u>
Pension Obligation Bonds	2	142.7	103.9
COP's/Lease Financing	15	627.7	511.3
Electric Revenue Bonds	6	298.2	150.8
Water Revenue Bonds	4	98.9	84.8
Taxable Allocation Bonds	3	21.5	5.1
CFD	1	13.2	8.8
Equipment Leasing	3	22.6	6.3
General Obligation Bonds	1	17.0	-
Conduit Bonds	5		
Total		1,241.8	871.0

Debt Administration

City's Debt Portfolio Allocation (\$ in Million's)



Fixed	627.0
Synthetic Fixed	173.1
Variable	<u>62.6</u>
Total	862.3

Swaps

\$134 Million-Floating to Fix

\$47 Million-Floating to Fix

Debt Administration

What Are the Most Important Duties of a Bond Trustee?

By Jonathan Lister, eHow Contributor

A bond trustee is a financial institution that carries out trust duties given by the issuer of a bond and acts as a go-between for a bond issuer and a bondholder. These banks maintain staffing to handle the intricate language of bond agreements and enforce rules regarding regular payment disbursement. Bond trustees are regulated by federal and state financial laws.



Debt Administration

What to expect from your Trustee/Main Responsibilities

- Provide timely courtesy debt service invoices
- Make prompt payments of principal and interest to bondholder
- Maintain all Records
- Represent Bondholder in case of default



Debt Administration

Swaps

- Through the Trust
- Outside the Trust

Credit Support

- Outside the Trust

Remarketing Agency

- Outside the Trust

Annual Compliance

- Use Trustee as disseminating agent
- Use DAC/EMMA for Annual Compliance Report and Continuing Disclosures Reports
- Arbitrage Compliance Calculations



Debt Administration

What to expect from the Trustee?

1. Bill timely debt service invoices
2. Pay timely principal and interest to bondholders
3. Accurately compute required debt service payment calculations
4. Watch for counterparty ratings changes
5. Understand the issuer and its bond financings
6. Have immediate access to bond documents
7. Have the following banking services/capacity
 - Wire Transfer
 - Investment transaction at the direction of the issuer
 - Transfer of funds
 - Sweep accounts/Money Market Funds
 - Monthly Statements
 - Settlement of trades/investments in various trustee accounts



Debt Administration

The Exceptional/Proactive Trustee

- Reviews, Monitors, and Reports Changes in Counterparty ratings
 - GICs - trends
 - Letters of Credit
 - Standby Bond Purchase Agreements
 - Interest Rate SWAP Counterparties
 - Bond Insurance
- Ability to interpret the legal language in the Indenture and work with issuers and insurers, if any
 - Investment Terms
 - Purchase of the Bonds by issuer



Debt Administration

The Exceptional/Proactive Trustee

- Competent
- Accessible – back up
- Experienced
- Proactive
- Have the appropriate resources (systems and personnel)